

June 18, 2002

Honorable Board of Supervisors
County of Los Angeles
383 Kenneth Hahn Hall of Administration
500 West Temple Street
Los Angeles, California 90012

Dear Supervisors:

**JOINT RESOLUTION BETWEEN THE COUNTY OF LOS ANGELES AND THE
BOARD OF DIRECTORS OF THE UPPER SAN GABRIEL VALLEY MUNICIPAL
WATER DISTRICT ACCEPTING THE NEGOTIATED EXCHANGE OF PROPERTY
TAX REVENUE AS A RESULT OF THE PROPOSED ANNEXATION OF
UNINCORPORATED LOS ANGELES COUNTY TERRITORY TO THE UPPER
SAN GABRIEL VALLEY MUNICIPAL WATER DISTRICT
(ANNEXATION NO. 00-C7 TO THE UPPER SAN GABRIEL VALLEY MUNICIPAL
WATER DISTRICT)
(SUPERVISORIAL DISTRICTS 1 AND 5) (3 VOTES)**

IT IS RECOMMENDED THAT YOUR BOARD:

1. Approve the attached Joint Resolution between your Board and the Board of Directors of the Upper San Gabriel Valley Municipal Water District (District) based on the negotiated exchange of property tax revenue, as a result of the proposed annexation of approximately 22 acres in unincorporated Los Angeles County to the District's boundaries.
2. Authorize the Chief Administrative Officer to provide the Local Agency Formation Commission (LAFCO) for the County of Los Angeles a waiver of the protest proceedings for the proposed annexation pursuant to Section 56663(c)(2) of the Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000.

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PURPOSE/JUSTIFICATION OF RECOMMENDED ACTION

On February 26, 2002, the Board of Directors of the District adopted the attached Joint Resolution based on the negotiated exchange of property tax revenue resulting from the proposed annexation of unincorporated Los Angeles County territory to the District's legal boundaries. In order for LAFCO to proceed with the required hearings on the proposed annexation, your Board, as the governing body of the County, must also adopt the attached Joint Resolution.

As a means of expediting the annexation, the County may provide LAFCO with its consent to a waiver of protest proceedings. If all of the public agencies involved and the landowner consent to the waiver, the need for a LAFCO protest hearing is eliminated and LAFCO may order the annexation at its first meeting.

FISCAL IMPACT/FINANCING

The adopted resolution will transfer a share (.000249443) of the Annual Tax Increment attributable to the District from the County and other affected taxing entities to the District commencing in Fiscal Year 2003-04, as shown in the attachment to the Resolution. No base property tax will be transferred to the District.

FACTS AND PROVISIONS/LEGAL REQUIREMENTS

Pursuant to Part 3, Division 3, Title 5 of the California Government Code, commencing with Section 56000, the City of Azusa filed its application with LAFCO on September 1, 2001, to initiate proceedings for annexation of approximately 78 acres located in unincorporated Los Angeles County.

During the course of LAFCO's staff review of the City's application, LAFCO's staff determined that a portion of the proposed annexation territory should be annexed to a water agency to allow the development to receive wholesale water services. The landowner, Azusa Associates, LLC, a division of Standard Pacific Homes, (Azusa

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Associates) subsequently filed an application with LAFCO to initiate proceedings to annex the northerly portion of the Mountain Cove residential development to the District. The annexation area consists of 22 acres located within the 78 acres proposed for annexation to the City of Azusa. The remaining acreage will be designated open space.

Section 99 of the Revenue and Taxation (R&T) Code requires that prior to the effective date of any jurisdictional change, the governing bodies of all agencies whose service area or service responsibilities will be altered by such change must negotiate a reallocation of property tax revenue between the affected agencies, and approve and accept such reallocation by resolution. The District has adopted the Joint Resolution, as required by Section 99 of the R&T Code.

Adoption of the Resolution by your Board will allow LAFCO to schedule the required public hearing to consider testimony on the proposed annexation. LAFCO will subsequently take action to approve, approve with changes, or disapprove the proposal.

Pursuant to Section 56663(c), LAFCO may waive protest proceedings if: (1) the proposed territory is uninhabited, (2) the affected agencies that will gain or lose territory as a result of the change of organization or reorganization have consented in writing to a waiver of protest proceedings; and (3) the affected owners of land have also agreed to the waiver. The territory proposed for annexation to the District is uninhabited and the City of Azusa has provided consent to waive the protest proceedings. The landowner, Azusa Associates, has provided a letter to LAFCO to waive protest proceedings. Upon your Board's authorization, the Chief Administrative Officer will provide LAFCO a similar waiver.

The Joint Resolution has been approved as to form by County Counsel.

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CONCLUSION

At such time as the recommendation is approved by your Board, please return one copy of this letter and five signed originals of the Resolution to LAFCO, three copies of this letter and two signed originals of the Resolution to the Chief Administrative Office, Office of Unincorporated Area Services and Special Projects, and one copy of the letter and Resolution to the Auditor-Controller, Tax Division.

Respectfully submitted,

DAVID E. JANSSEN
Chief Administrative Officer

DEJ:LS
DD:MJS:os

Attachment

c: Auditor-Controller
County Counsel